

STOP & SHOP

Annual Report for the year ending June 29

1957



STOP & SHOP

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A 00.41 GROC

A 00.29 MEAT

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New horizons for shareholders, employees, customers . . .

STOP & SHOP

INC.

393 D STREET, BOSTON 10, MASS.

Annual report for the

OFFICERS

Sidney R. Rabb	<i>Chairman of the Board and Treasurer</i>
Joseph Rabinovitz	<i>President</i>
Jacob Rabinovitz	<i>Vice-President</i>
Irving W. Rabb	<i>Vice-President</i>
Norman S. Rabb	<i>Vice-President</i>
Donald A. Gannon	<i>Vice-President</i>
Walter A. Metcalf	<i>Vice-President</i>
Michael F. O'Connell	<i>Vice-President</i>
Lloyd D. Tarlin	<i>Vice-President</i>
Max E. Bernkopf	<i>Clerk</i>
Arthur L. Sherin	<i>Assistant Clerk</i>

DIRECTORS

William Applebaum	Jacob Rabinovitz
Max E. Bernkopf	Joseph Rabinovitz
Irving W. Rabb	Arthur L. Sherin
Norman S. Rabb	Sidney L. Solomon
Sidney R. Rabb	Lloyd D. Tarlin

TRANSFER AGENTS

The First National Bank of Boston

REGISTRARS OF STOCK

The National Shawmut Bank of Boston

AUDITORS

Myron Heller & Company, Boston

GENERAL COUNSEL

Sherin & Lodgen, Boston

year ending June 29 **1957**

	THIS YEAR	LAST YEAR
SALES	\$123,106,279	\$98,189,345
EARNINGS		
Before taxes on income	\$ 3,131,436	\$ 2,640,137
After taxes on income	\$ 1,757,856	\$ 1,374,411
Cash dividends paid to shareholders	\$ 448,718	\$ 398,683
Stock dividend paid	3%	2%
Reinvested in the business	\$ 1,309,138	\$ 975,728
Per dollar of sales	\$1.43	\$1.40
Per share of stock now outstanding	\$1.56	\$1.22
Current Assets	\$ 15,052,445	\$11,969,521
Current Liabilities	\$ 8,916,292	\$ 6,309,121
Working Capital	\$ 6,136,153	\$ 5,660,400
Current Ratio	1.69	1.90
Shareholders' Equity	\$ 11,846,587	\$10,537,449
Stores Opened	15	8
Stores Closed	14	10
Stores in operation year end	84	83
Employees	4947	3685



SIDNEY R. RABB

JOSEPH RABINOVITZ

In the most exciting and dramatic year of its history, your company has surpassed all previous records in sales, profits, and physical growth. We opened 13 new supermarkets during the year, and purchased two others. Our people increased in number from 3,685 to 4,947, and are now enjoying the highest wages and greatest benefits in the history of Stop & Shop.

Sales were \$123,106,279 compared with \$98,189,345, a gain of 25.4 per cent. Although there was a modest increase in food prices, the increase in our dollar volume represents substantially a similar increase in tonnage.

Net income after taxes was \$1,757,856, amounting to \$1.56 per share, compared with \$1,374,411, or \$1.22 for the previous fiscal year, computed on the basis of shares now outstanding.

Consolidated working capital was \$6,136,153 on June 29, 1957, compared with \$5,660,400 at the close of the previous fiscal year.

Charges for depreciation reflect the increased capital investment in markets and the growing number of properties owned by our subsidiaries. These charges were \$1,039,180 for the year of which \$360,647 represents the depreciation of our real estate subsidiaries. Depreciation is based on the method consistently followed in prior years. For tax purposes, however, depreciation on assets acquired since December 31, 1953 has been taken on an accelerated method provided in the Revenue Act of 1954.

Quarterly cash dividends total 40¢ per share for the year. And in addition, a 3% stock dividend was paid on December 5, 1956.

At the end of the fiscal year we had 84 stores, as compared with 83 at the close of the previous year, having opened 15 and closed 14. The new stores have an aggregate sales area of approximately 200,000 square feet, compared with a total sales area of about 53,000 square feet for the closed stores. The average annual rate of sales of this new group exceeded \$2,500,000 per store.

Once more, our real estate subsidiaries have had their busiest year. They constructed nine of the store locations opened during the year and, in addition, constructed stores adjacent to our markets in Hyannis, Everett, Salem and Fall River, Mass., for other tenants. These stores add to the traffic in the area of our supermarkets. Three properties no longer occupied by us have been sold at a profit. All completed buildings have been financed and mortgage commitments arranged for all properties now under construction.

The heavy costs incurred in opening new stores, aside from capital outlay, are a direct charge against current earnings. Employee training, stocking and promotional expenses are substantial, and the earnings of these new stores must offset those costs before the full benefits can become evident in the current year's financial statement. Our accelerated profit showing offers clear proof of the increased contributions made each year by new store development. In addition to the capital outlay required for new stores we are making continuous investments in new facilities and equipment for our existing stores, distribution centers, and bakery.

Our progressive and profitable growth, together with significant improvements in operating procedures and physical facilities, has opened entirely new horizons of opportunity for employees, shareholders, and sources of supply, and helped to make our stores better and more convenient places in which to trade.

The company's record of success is attracting more and more able men and women seeking careers with our organization, while the work of Stop & Shop's training staff is bringing individual hopes and ambitions to fruition by preparing our people for greater responsibility. We have a "deep bench" from which to draw key men and women at all levels. Thus, in a real sense, Stop & Shop is continuing to build an institution, as well as a successful business.

Note the contrast. A few years ago the public shopped in relatively small stores where jammed street traffic and restricted parking space made even a short journey a difficult, wearisome experience. Sheer lack of room

shareholders, employees and friends of Stop & Shop

restricted the stocking of broad lines of merchandise, and crowded aisles hampered shoppers in making selections. Now there has emerged a great modern store system. Convenience, comfort, and an atmosphere in which our people and our customers meet in spacious, cheerful surroundings, have banished the difficulties of an era now fortunately fading into the past. We believe Stop & Shop markets of the new era represent the last word in atmosphere and customer convenience and that this superiority has contributed substantially to the fine sales performance of our newer stores.

So far in this current fiscal year beginning July 1, 1957, we have opened two stores, five are under construction and there are 18 additional locations for future stores which we already own or lease. The new stores will be in easily accessible areas, with generous parking space. The colorful, bright, and clean Stop & Shop establishments are drawing many thousands of new customers from communities far beyond the purely local shopping zones. Every new large store automatically broadens our geographical trading area. It is worth noting that in the territory where we now operate (population approximately 4,500,000) there is great opportunity for our future growth for there are still many population centers which present promising opportunities for a Stop & Shop Supermarket.

This year brought encouraging progress in our decentralization program, accompanied by refinements in organizational control. It is our purpose to continue the decentralization program and to achieve decision-making closer and closer to the firing line.

Stop & Shop, backed by experience in selecting strategic sites, designing and building new stores, has developed fluidity and flexibility in making the change from the old to the new. Where it is impossible to relocate, remodel or enlarge an older store so that its facilities and parking will meet current standards, we are retaining the older stores as long as they contribute to the company and to the community.

It is significant that the average weekly sales of stores closed during the year was approximately \$7,700, while

the supermarkets opened this year have averaged over \$50,000 in weekly sales.

The wisdom of your company's aggressive expansion program is further evidenced by the fact that 45 per cent of our total sales is in stores opened within the last two years. Further, 70 per cent of the current sales are in stores that did not exist prior to 1951.

We are pleased that in the largest shopping center thus far being constructed in New England and one of the largest in the entire country — the North Shore Shopping Center at Peabody, Mass. — we are to be the exclusive supermarket. Also in what is one of Connecticut's largest shopping centers, Waterbury Plaza (now almost completed), and in the Connecticut Post Shopping Center at Milford (still in the design stage) we are to have exclusive stores. Among our neighbors in the North Shore development are such famous stores as Filene's and Jordan Marsh of Boston.

Our merchandising activity continues without let-up on all fronts, with heightened emphasis on non-food items as a source of additional sales, profit and customer service.

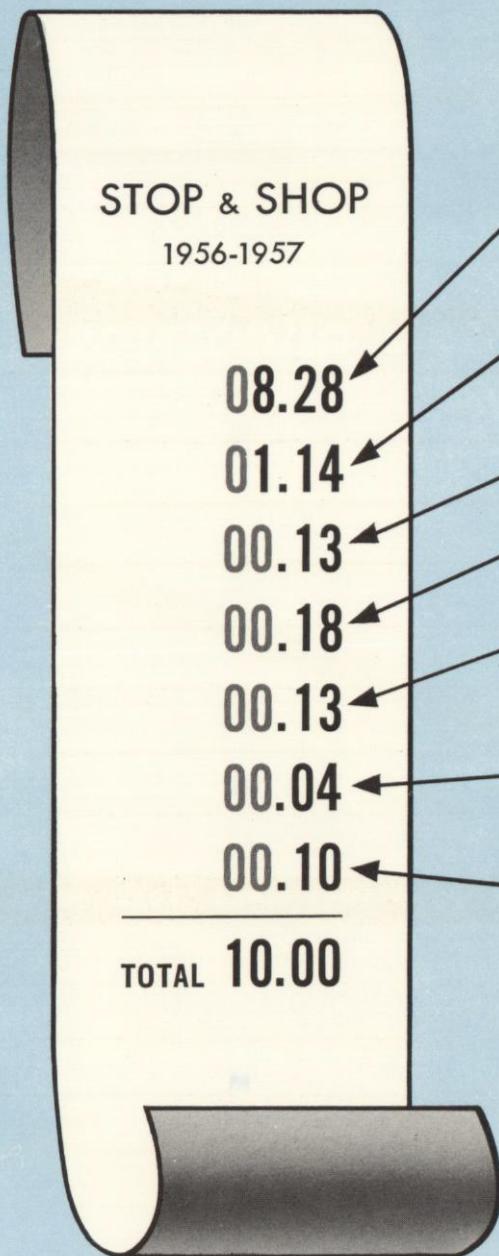
The numerous personal accomplishments of individual employees brought wide recognition in the form of awards for good citizenship, competence in job performance, good neighbor activities, and merchandising successes, all of which reflect the high character and competence of our people.

We feel confident and enthusiastic about the future. The momentum with which we breezed past that milestone of \$100,000,000 of sales is continuing at year's end with increased strength. The expendable income of families is, at last reports, still increasing, and there is no present sign of significant change in food prices. Stop & Shop's strategic position in terms of locations, modern physical equipment, financial resources and capable personnel, is most encouraging. The proved success of our expansion program, our strengthened organizational set-up, and, above all, the growing aptitude of our people, combine to give us unshaken faith in future growth.

Sidney R. Rabell
CHAIRMAN OF THE BOARD

Joseph Rabenow
PRESIDENT

Here's how we divided each \$10 of sales receipts



- Cost of Goods — for merchandise, transportation, miscellaneous expenses and handling costs other than wages.
- For wages and other employee benefits, including social security, retirement income and group insurance.
- For taxes — Federal and State.
- For store rentals, light, heat and other utilities.
- Set aside for wear and tear on equipment and buildings and spent for their maintenance and repair.
- Cash dividends paid to shareholders exclusive of stock dividends.
- Remainder to build new stores, improve others, and provide for emergencies.

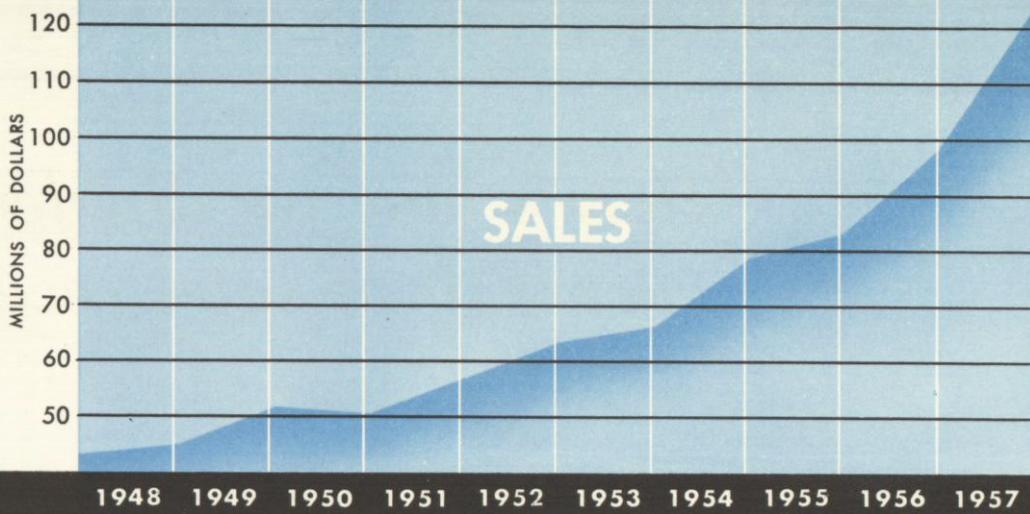
The last two items together total the net profit on each 10 dollars of merchandise sold by Stop & Shop.

SALES

Ten years' sales results show an almost continuous upward climb, with an increase of 25% in the last fiscal year.

Years	Total
1948	\$45,879,052
1949*	50,227,183
1950	50,039,306
1951	56,453,839
1952	62,576,777
1953	66,791,894
1954*	79,651,017
1955	82,430,337
1956	98,189,345
1957	123,106,279

*53 weeks



NET EARNINGS

Net earnings have increased almost 300 per cent in 10 years.

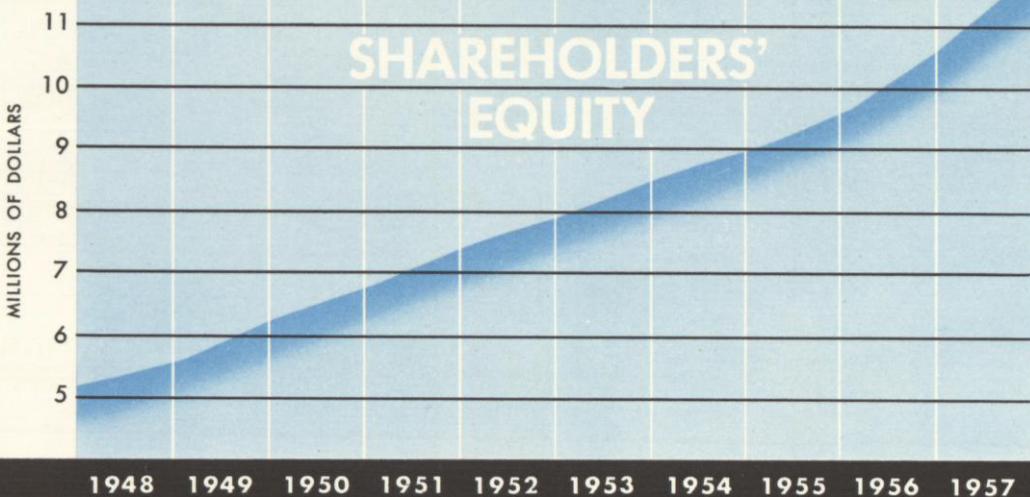
Years	Net Earnings	Cash Dividends
1948	\$645,000	\$198,000
1949	758,000	175,000
1950	874,000	234,000
1951	780,000	252,000
1952	749,000	277,000
1953	827,000	309,000
1954	802,000	333,000
1955	1,003,000	350,000
1956	1,374,000	398,000
1957	1,757,856	448,718



SHAREHOLDERS' EQUITY

Shareholders' equity represents the shareholders' original investments plus retained earnings.

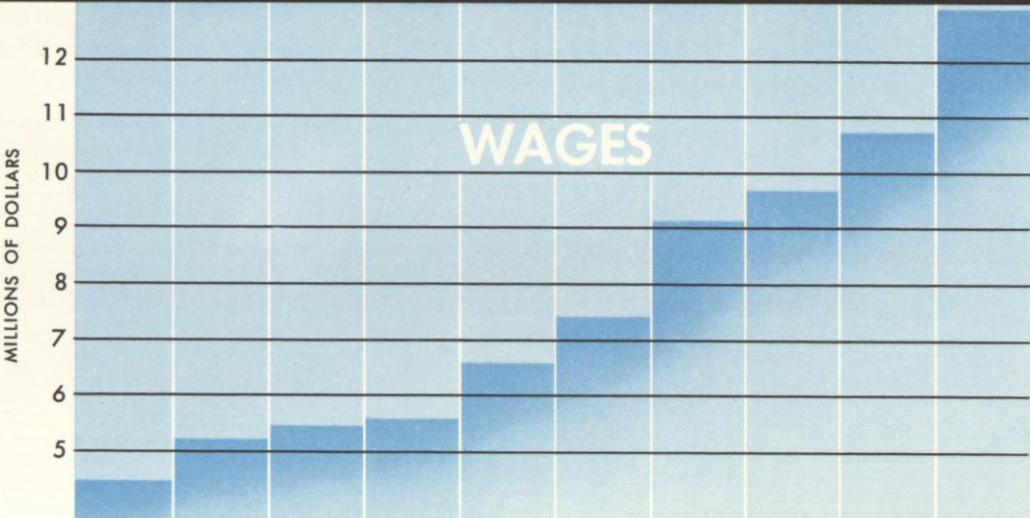
Years	Total
1948	\$ 5,554,602
1949	6,137,146
1950	6,777,424
1951	7,315,987
1952	7,912,352
1953	8,439,503
1954	8,908,204
1955	9,561,721
1956	10,537,449
1957	11,846,587

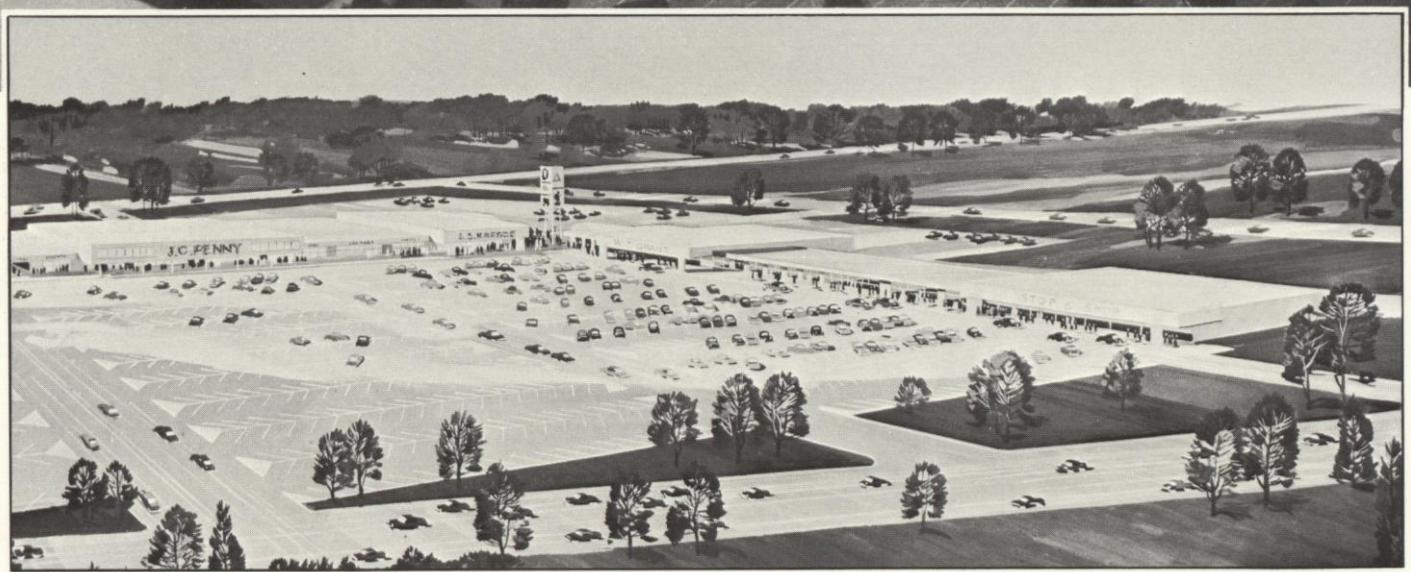
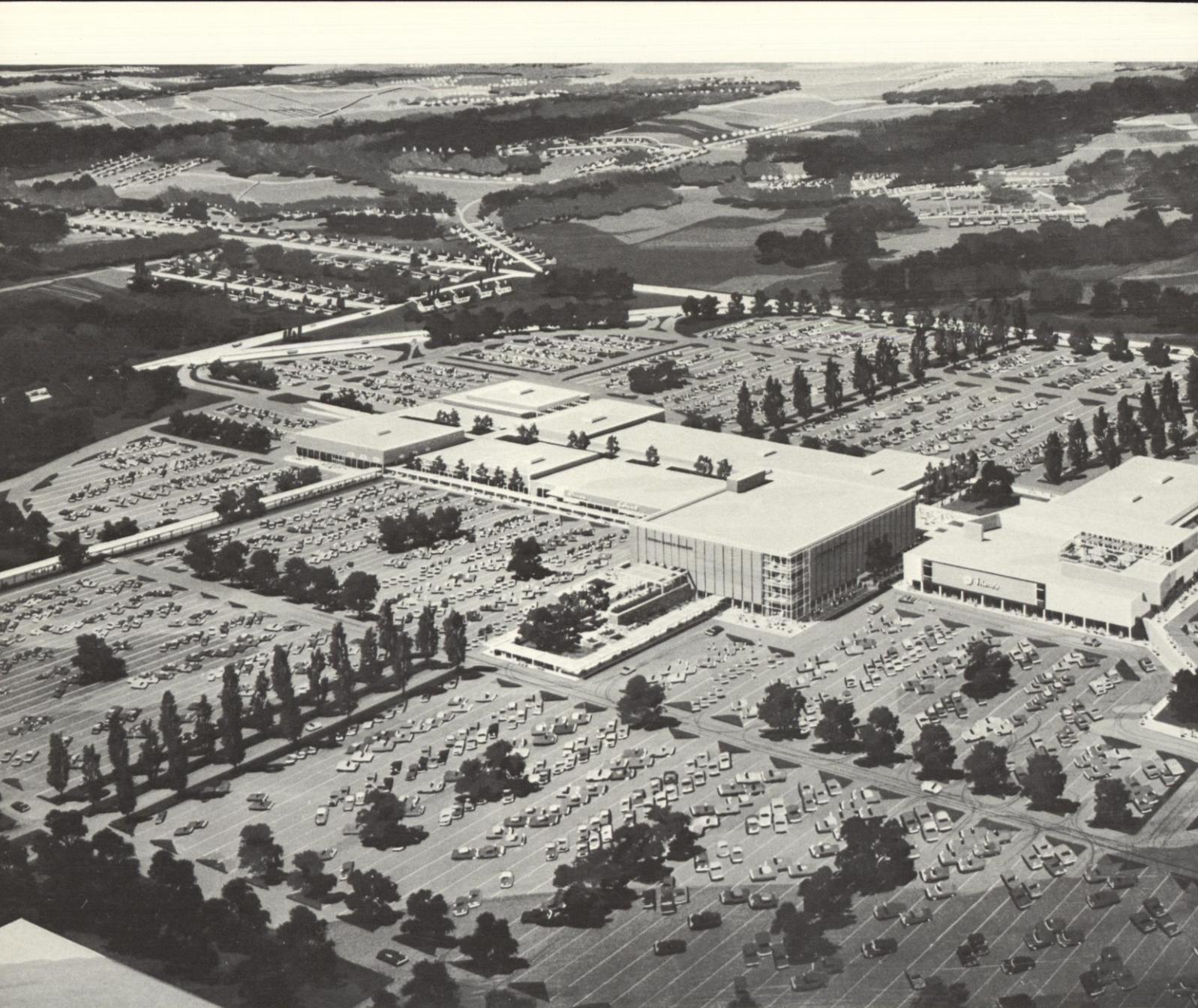


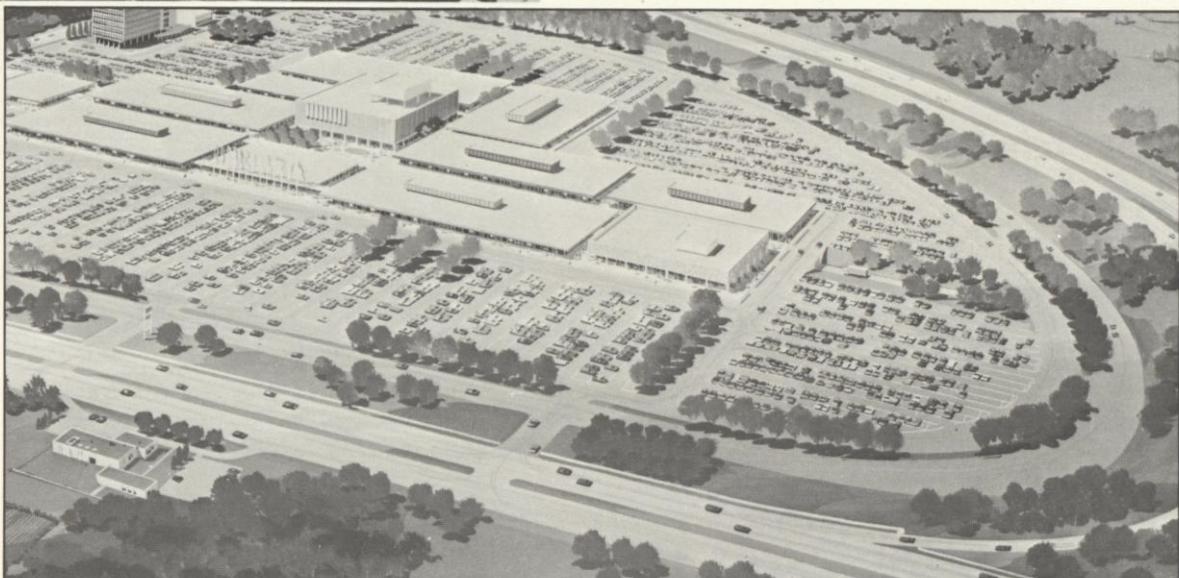
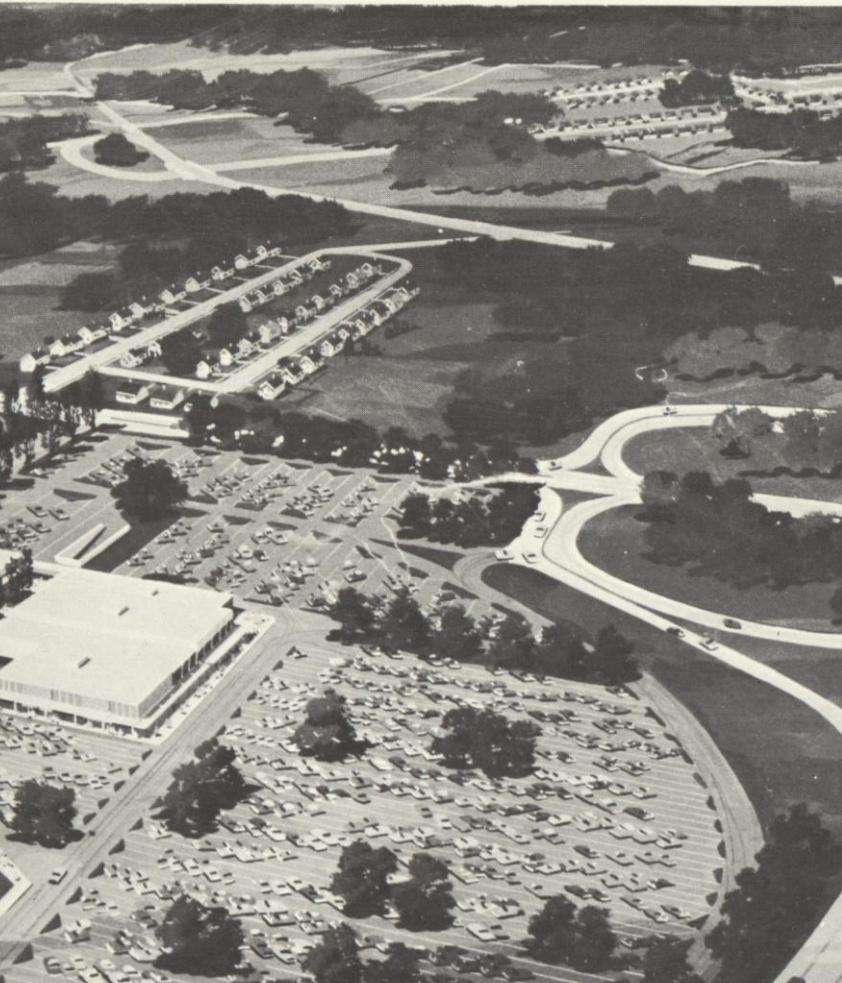
WAGES

Wages reflect both the ten years' growth in personnel and the increase in hourly rates.

Years	Total
1948	\$ 4,502,847
1949	5,278,199
1950	5,469,929
1951	5,642,601
1952	6,630,635
1953	7,482,512
1954	9,158,869
1955	9,709,971
1956	10,718,086
1957	12,980,850







LARGE CONNECTICUT SHOPPING CENTERS also have Stop & Shop as the exclusive supermarket. The huge Waterbury Plaza development (*left*) is now nearing completion. At Milford, the Connecticut Post Shopping Center (*above*) is in the design stage.

STOP & SHOP WILL BE THE ONLY SUPERMARKET IN THE NORTH SHORE SHOPPING CENTER

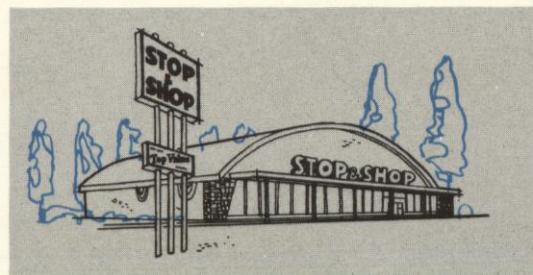
The shifting of population to the suburbs has brought into being the shopping center with its convenient concentration of goods and services. We enjoy the distinction of being the exclusive supermarket in New England's largest—the North Shore Shopping Center, now under construction at Peabody, Mass. (*photo left*). Among our neighbors in this center are such distinguished retailing names as Jordan Marsh and Filene's.

13 NEW STORES OPENED WITHIN PAST FISCAL YEAR

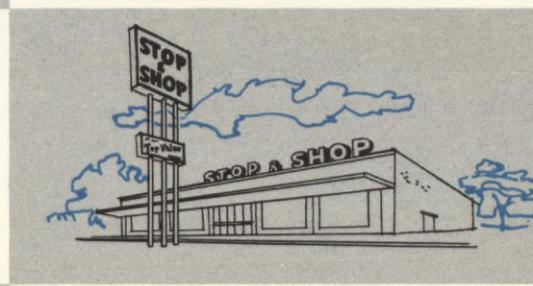
IN ADDITION, 2 SHORE MARKETS
WERE ACQUIRED; IN SOMERSET, MASS.,
AND EAST PROVIDENCE, RHODE ISLAND



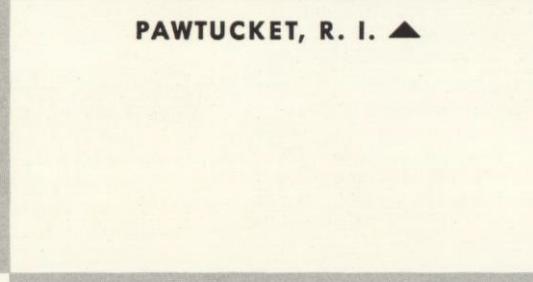
E. LONGMEADOW, MASS. ▲



NEWTON, MASS. ▲



PAWTUCKET, R. I. ▲



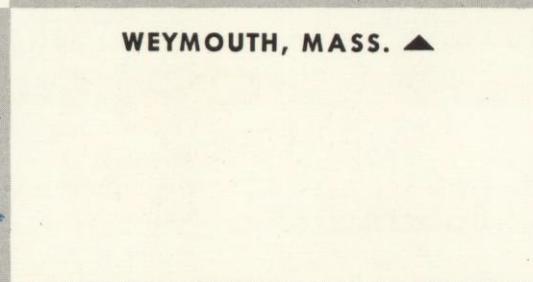
HARTFORD, CONN. ▲



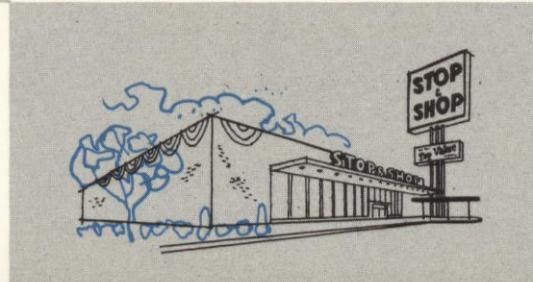
DORCHESTER, MASS. ▲



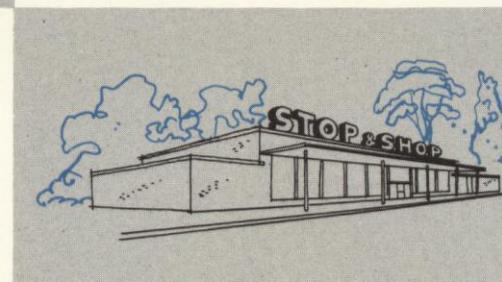
WEYMOUTH, MASS. ▲



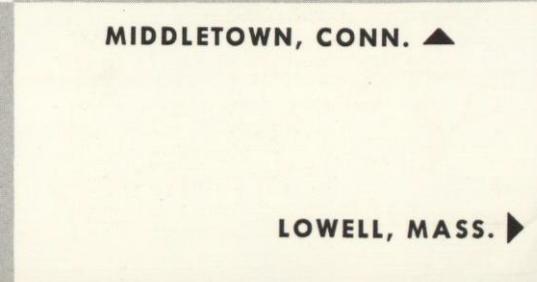
HAVERHILL, MASS. ▲



SAUGUS, MASS. ▶



MIDDLETOWN, CONN. ▲



LOWELL, MASS. ▶

Progress

*in
expansion
of trading
areas*

THE AREA WE
SERVE IS
GROWING
LARGER

MASSACHUSETTS

Percentage of population we serve ... **78%** Additional percentage 1957-58 **6%**

CONNECTICUT

Percentage of population we serve ... **19%** Additional percentage 1957-58 **32%**

RHODE ISLAND*

35%
Additional 1957-58
40%

*Our first entry into Rhode Island came during the fiscal year just ended.

Percentage of tri-state population now served by Stop & Shop

Additional percentage to be served within fiscal year 1957-1958

MORE STORES, MORE JOBS,
MORE OPPORTUNITIES

Ten new supermarkets now in various stages of planning and construction are scheduled to be opened by Stop & Shop in the coming fiscal year. Sites for these stores were selected after scientific study and analysis of their market potentials, based upon each community's population, buying power, shopping habits, the size of available locations, and their accessibility.

Of the fifteen new supermarkets of the past fiscal year, seven were added during the last quarter. Each opening means that about 150 jobs must be filled, so that every additional store brings new opportunities for our people.



WILLIMANTIC, CONN. ▲



WALTHAM, MASS. ▲



FRAMINGHAM, MASS. ▲





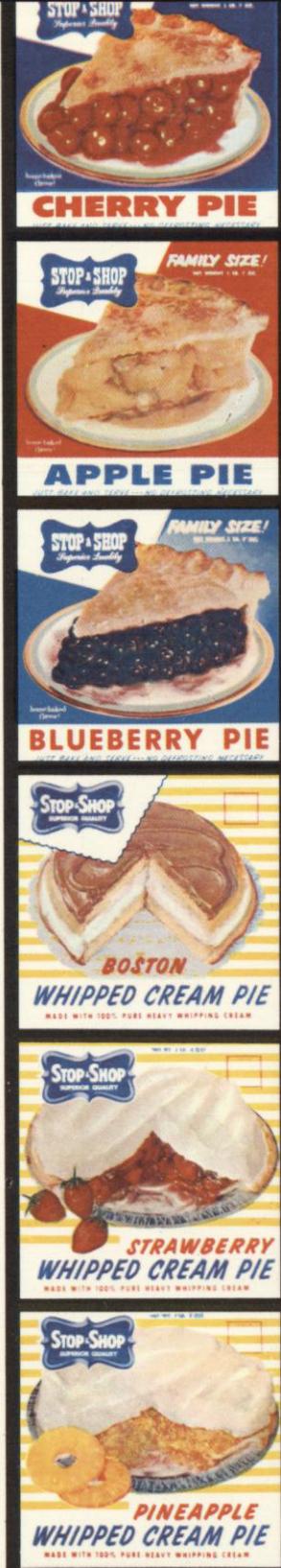
Spacious aisles, colorful displays of merchandise, an easy-to-read wall directory, air conditioning, soft music . . . all contribute to the convenience and comfort of shoppers in our new supermarkets. This interior view suggests why shopping, once a burdensome chore, has become a pleasant experience for today's housewife.





EACH NEW STOP & SHOP IS A COMMUNITY LANDMARK

This is one of the Stop & Shop supermarkets opened during the past fiscal year. It is located in the Bradford section of Haverhill, Mass. Stores of similar architectural beauty and the big Stop & Shop signs are familiar to the public in many important centers of population in Massachusetts, Rhode Island and Connecticut.



During the year, we introduced a line of unusual frozen baked goods; among them the Whipped Cream Cakes and Whipped Cream Pies shown above.

Delicious creations from our bakery

Products turned out by Stop & Shop's bakery specialists include "originals" which vie in popularity with the creations of top artists catering to feminine good taste in other fields. Some of our bakery goods, particularly the Corn Muffin Toasties, have been copied from coast to coast — a form of flattery fondly cherished by our experts.

These original bakery products have served to give an extraordinary touch of distinction to Stop & Shop stores and provide an additional service to our customers. Women shoppers throng the baked goods sections and they tell our people of the genuine quality of Stop & Shop cakes and pastries.

Many of our baked goods varieties are not obtainable in other stores, and when they are, Stop & Shop's quality is unmatched. Future plans call for the introduction of more new varieties of baked goods, which should help build even greater customer loyalty to our stores.



STOP & SHOP . . . A BETTER PLACE TO WORK

Our stores provide personnel with distinct advantages in environment, physical comfort and convenience, opportunity for promotion, good wages, and cheerful companionship. They serve people representing all income levels in the community, in surroundings that are colorful, clean and conducive to pleasant human relations. Promotion is based on individual merit, carefully

measured by checking actual performance on the job. The company is continuously developing the natural abilities of our people to prepare them for better jobs.

Our Retirement Income Plan, our group life insurance, accident and health insurance, and hospitalization insurance help contribute to the feeling of security.



BLOOD DONORS to the Red Cross Blood Bank help to make blood available to company people in emergencies.



CHECKER BANQUETS are held periodically to honor outstanding checkers who win coveted positions in the "Hall of Fame."



A SAFER PLACE TO WORK is the aim of these Safety Promoters shown at a luncheon meeting. Each store has a Safety Promoter. These men meet monthly to discuss safety problems.



FAMILY NIGHTS, at which Stop & Shop folks gather for an evening of enjoyment and conviviality, are widely attended. Service Pin Presentations to veteran employees are a highlight.

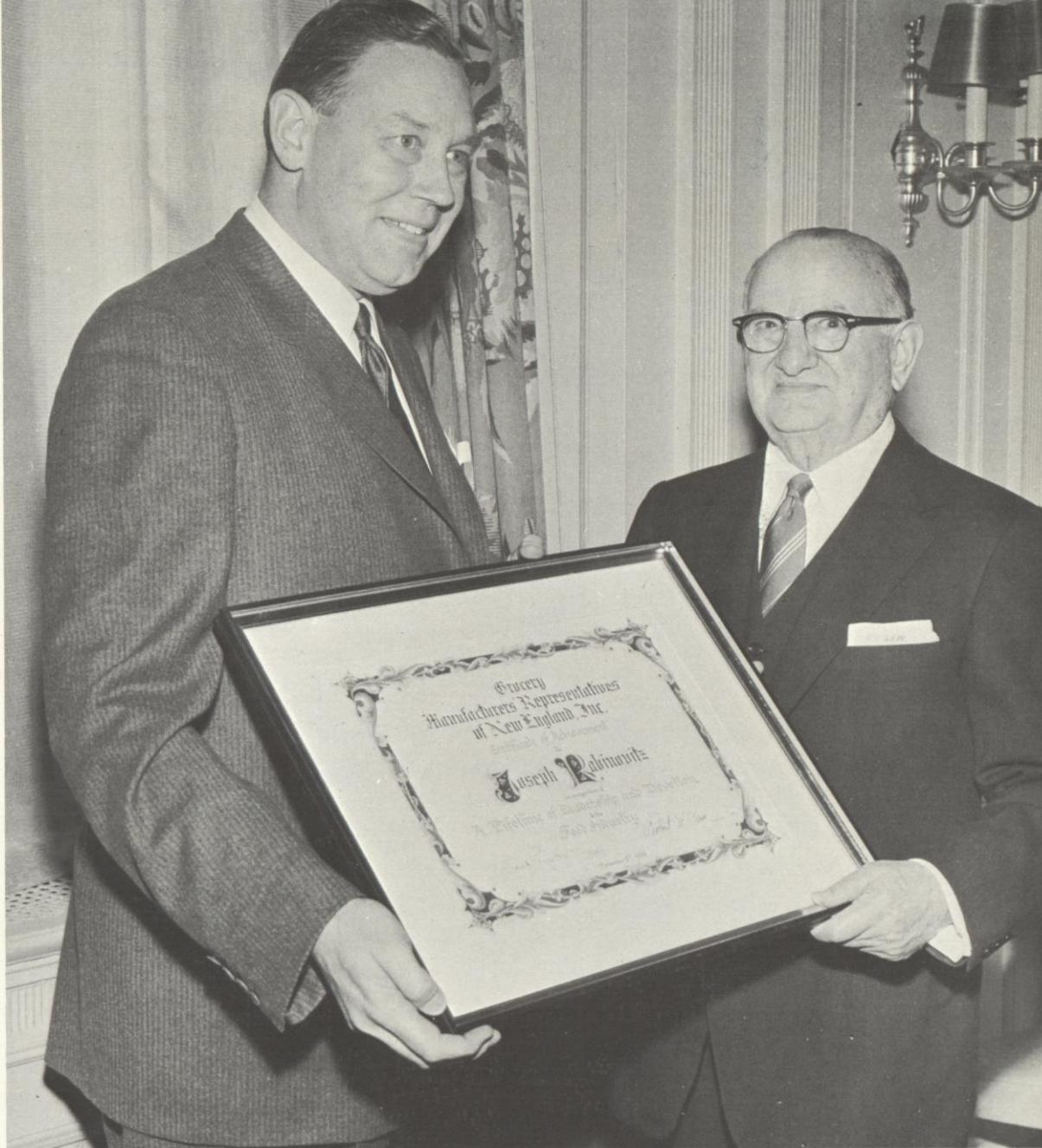
People are our most important asset



Robert E. Cain, President, N. E. Grocery Manufacturers' Representatives, presents plaque to Joseph Rabinovitz.

Joseph Rabinovitz (right), President of Stop & Shop, was signally honored last November when presented with this citation by the Grocery Manufacturers' Representatives of New England at a testimonial dinner attended by more than 800, including executives of other food chains in New England:

"Grocery Manufacturers' Representatives of New England Certificate of Achievement to Joseph Rabinovitz, President of Stop & Shop, in recognition of his Sixty-Three Years of Outstanding Contribution to the New England Food Business."



1. CHAIRMAN OF BOARD OF TRUSTEES at University of Vermont is our newly-elected Vice-President, Donald A. Gannon. He started as a Grocery Buyer and has been with Stop & Shop for over twelve years.

2. CHECKER QUEEN is Helga Hunt of North Weymouth store, Northeast Regional Winner in the Supermarket Institute's "Checker of the Year" contest. Crowning Helga is last year's winner Kay DiMaggio of Medford, who won second place in the National competition.

3. OUTSTANDING CHECKER. Florence Blake of Gardner is first winner of Andrew C. Kuhn Memorial Award for her performance as a checker. Presenting award is Vice-President Irving W. Rabb.

4. SCHOLARSHIP WINNERS. Tom Barrett of Lowell (left) and Frank DeFelice of Dennisport were awarded National Association of Food Chains' scholarships in Food Retailing to Michigan State University. They were two out of only 22 winners in the entire country.

5. RED FEATHER AWARD for highest per capita increase in food division was won by Stop & Shop people. (Left to right) Store Manager Wm. Corrigan of Medford, Drive Chairman Marty Alpert, Warehouse Supervisor Connor Maguire, and Wilbur Fischer of Greater Boston Community Chest.

6. NATIONAL WINNER in the "Good Citizen" Program of the National Association of Food Chains, Store Manager Al Kaizzi of Worcester is congratulated by Governor Foster Furcolo.

Progress in building sales . . .



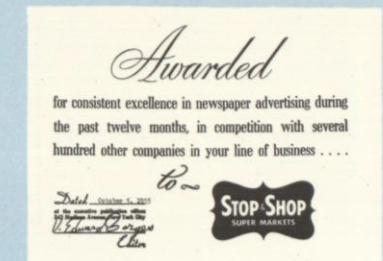
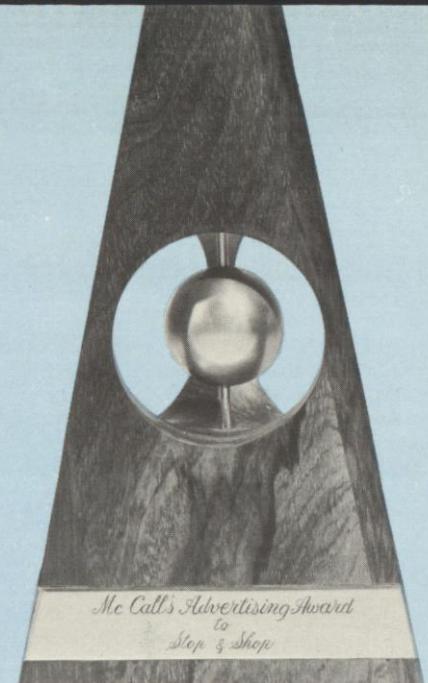
Exciting promotions like our Baby Contest, Watermelon-Eating Contests and Children's Dog Shows created a stir in the communities in which they were conducted and served to win friends for Stop & Shop everywhere.

Making friends for Stop & Shop and building sales are the principal aims of our advertising and promotional activities.

In newspapers we ran a new series of "personality" ads designed to show people why Stop & Shop is a nicer place to trade and to create an atmosphere of friendliness. One in the series was singled out for McCall's Magazine Supermarket Institute Advertising Award as an outstanding creative advertisement of the year. Stop & Shop also won a Certificate of Distinction from the Brand Names Foundation for consistent, effective promotion.



The exciting true life Television series "I Search for Adventure" is used to tell the story of Stop & Shop's quality foods and Top Value Stamps each Sunday afternoon — a real family get-together time — and it presents true thrillers and adventures of historical significance. One episode carries viewers deep into Africa to visit Dr. Albert Schweitzer (photo above) as he gives medical help to the natives. In another, (right) the audience goes with Dr. and Mrs. Allen Petersen on a 17,000-mile cruise in Pacific and South Sea waters in a Chinese junk.



Awarded

for consistent excellence in newspaper advertising during the past twelve months, in competition with several hundred other companies in your line of business . . .

Dated October 5, 1955
To the Stop & Shop Super Markets
Edward C. Petersen
Chairman of the Board



Stop & Shop Inc. Consolidated

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....
 Unremitted funds on executed real estate mortgages
 (See Note 1).....
 Funds advanced to location owner remitted after
 close of fiscal year.....
 U. S. Treasury Bills due September 23, 1957
 (\$250,000.00 face value).....

Accounts Receivable:

Due from trade debtors, sundry claims and ad-
 vances less reserve.....
 Due from employees.....

Inventories:

Physical inventories evaluated at average invoice
 cost or lower than cost, reflecting market prices,
 including merchandise in transit.....

Total Current Assets.....

Officers' life insurance at cash surrender value.....

INVESTMENTS OF WHOLLY-OWNED REAL ESTATE AFFILIATES:

In land and buildings owned in fee simple at cost
 including unamortized cost of leasehold improve-
 ments (See Note 2).....
 Less — Reserve for depreciation of buildings.....

Other Investments in companies not controlled.....

FIXED ASSETS (at cost):

Land and buildings.....
 Store equipment, fixtures, etc.....
 Warehouse and office equipment, fixtures, etc.....
 Manufacturing machinery and equipment.....
 Automobiles and trucks.....

Total.....

Less — Reserves for depreciation.....

DEFERRED CHARGES TO OPERATIONS:

Unexpired insurance policy premiums at unearned
 values.....
 Unamortized costs of rehabilitation of store loca-
 tions, warehouses and leaseholds (See Note 3).....
 Construction, maintenance and store supplies.....
 Unamortized expense and discount on parent com-
 pany long term debt.....
 Other deferred expenses.....

	June 29, 1957	June 30, 1956
Cash on hand and in banks.....	\$ 5,086,612.28	\$ 3,624,764.07
Unremitted funds on executed real estate mortgages (See Note 1).....	370,000.00	532,500.00
Funds advanced to location owner remitted after close of fiscal year.....	248,767.22	575,659.93
U. S. Treasury Bills due September 23, 1957 (\$250,000.00 face value).....	536,964.72 2,566.46	9,339.62
Accounts Receivable:		
Due from trade debtors, sundry claims and ad- vances less reserve.....	8,807,534.89	7,227,257.73
Due from employees.....	<u>15,052,445.57</u>	<u>\$11,969,521.35</u>
Inventories:		
Physical inventories evaluated at average invoice cost or lower than cost, reflecting market prices, including merchandise in transit.....	167,405.34	169,232.65
Total Current Assets.....	<u>8,807,534.89</u>	<u>\$11,969,521.35</u>
Officers' life insurance at cash surrender value.....	167,405.34	169,232.65
INVESTMENTS OF WHOLLY-OWNED REAL ESTATE AFFILIATES:		
In land and buildings owned in fee simple at cost including unamortized cost of leasehold improve- ments (See Note 2).....	\$19,734,831.37 1,425,252.23	\$14,956,176.77 1,161,463.80
Less — Reserve for depreciation of buildings.....	18,309,579.14	13,794,712.97
Other Investments in companies not controlled.....	30,835.20	30,835.20
FIXED ASSETS (at cost):		
Land and buildings.....	\$ 112,063.49	\$ 279,469.69
Store equipment, fixtures, etc.....	5,719,793.65	4,316,352.62
Warehouse and office equipment, fixtures, etc.....	609,646.76	493,045.52
Manufacturing machinery and equipment.....	1,581,456.36	1,489,517.28
Automobiles and trucks.....	40,434.97	63,716.11
Total.....	<u>\$ 8,063,395.23</u>	<u>\$ 6,642,101.22</u>
Less — Reserves for depreciation.....	3,479,066.39	2,969,836.58
	4,584,328.84	3,672,264.64
DEFERRED CHARGES TO OPERATIONS:		
Unexpired insurance policy premiums at unearned values.....	\$ 89,735.56	\$ 93,037.28
Unamortized costs of rehabilitation of store loca- tions, warehouses and leaseholds (See Note 3).....	2,441,587.87 554,231.63	1,970,898.48 242,192.05
Construction, maintenance and store supplies.....	23,686.00	25,311.14
Unamortized expense and discount on parent com- pany long term debt.....	68,607.58	8,909.80
Other deferred expenses.....	<u>3,177,848.64</u>	<u>2,340,348.75</u>
	<u>\$41,322,442.73</u>	<u>\$31,976,915.56</u>

Notes Relating to Financial Statements — June 29, 1957

NOTE 1. Mortgages have been placed and executed on three parcels of real estate owned by the parent company's real estate affiliates with total principal of \$990,000.00 of which \$620,000.00 have been advanced prior to the close of the fiscal year and \$370,000.00 subsequently.

costs and leaseholds is spread over the life, or for shorter periods, of each lease affected.

NOTE 2. Cost of land and buildings at various locations acquired by parent's wholly owned affiliates and leased to it for sundry terms to 25 years. Unamortized cost of leasehold improvements of \$1,666,435.80 and \$1,043,795.49 have been added for the fiscal years June 29, 1957 and June 30, 1956 respectively.

NOTE 4. The notes aggregating \$4,500,000.00 bearing interest at the rate of 3 1/8% per annum are dated February 29, 1956 and June 11, 1956 for \$3,500,000.00 and \$1,000,000.00 respectively. Payments on account of principal of these notes are required in an amount of \$250,000.00 on February 1, 1959 and on each February 1 thereafter.

NOTE 3. Amortization of store and warehouse rehabilitation

NOTE 5. Unsecured bank loans of \$275,000.00 were placed May 1, 1957 maturing April 15, 1960 and bear interest at 4 3/4% per annum. These loans with an aggregate balance of principal of \$259,722.22 at the close of the fiscal year

Balance Sheet (including wholly-owned affiliated companies)

LIABILITIES

CURRENT LIABILITIES:

Accounts payable — trade creditors on open account
 Current amortization payments on term promissory
 notes.....
 Current amortization payments on real estate mort-
 gages of wholly-owned affiliates.....

Accrued Accounts:

Federal income taxes (estimated)
State income, excise and other state and municipal taxes
Social security and unemployment insurance — federal and state contributions
Other accrued items including interest, pay roll, and profit sharing bonuses
Total Current Liabilities

Total Current Liabilities

3 1/8% Promissory Notes due February 1, 1971
(See Note 4)

4 3/4% Term Promissory Notes due April 15, 1960 to
June 28, 1963, not current (See Note 5)

Purchase money obligations of wholly-owned affiliates under mortgages on real estate to be amortized by monthly and quarterly payments, not current (See Note 6).....

CAPITAL:

Authorized 2,000,000 shares of \$1.00 par value capital stock of which 1,130,034 shares are issued and outstanding (See Note 7).
 Capital Surplus (See Note 7).
 Surplus.

<u>June 29, 1957</u>	<u>June 30, 1956</u>
\$ 5,739,565.68	\$ 4,384,855.86
261,893.12	
791,048.97	683,071.55
1,172,552.31	684,950.55
404,326.68	270,298.02
125,090.42	99,590.26
422,315.01	186,355.71
\$ 8,916,292.19	\$ 6,309,121.95
4,500,000.00	4,500,000.00
964,467.46	
15,095,095.27	10,630,344.30
\$ 1,130,034.00	\$ 1,097,121.00
4,097,068.20	3,636,286.20
6,619,485.61	5,804,042.11
11,846,587.81	10,537,449.31
\$41,322,442.73	\$31,976,915.56

Notes Relating to Financial Statements — June 29, 1957

are being reduced by monthly principal payments of \$7,638.89.

Equipment loans with an aggregate balance of principal of \$966,138.36, bearing interest at 4 3/4% per annum and providing for monthly principal payments, run for a period of six years. These loans are also secured by the assignment of leases from the parent to affiliated companies as owners.

NOTE 6. Term loans with sundry original maturities to 25 years and not assumed by either the parent or its affiliates, are, nevertheless, secured by real estate mortgages and assignment of leases running from the parent to its affiliates.

NOTE 7. The Capital Surplus was increased by \$460,782.00 and Capital Stock by \$32,913.00 resulting from a 3% capital stock dividend paid on December 5, 1956. This required a reduction of Earned Surplus of \$493,695.00.

NOTE 8. Equivalent rates of depreciation were applied to the cost valuation of the depreciable property as were applied in the previous year. The depreciation charge of real estate buildings owned by wholly-owned real estate affiliates amounted to \$360,647.23 as compared with \$225,784.43 for the preceding year. Depreciation deductions for the purpose of ascertaining the federal income tax liability were computed on an accelerated basis permitted by the applicable provisions of the 1954 Revenue Act.

Consolidated Income Statements

(including wholly-owned affiliated companies)

SALES (at retail)
Less — Cost of sales and operations

Fiscal Year
Ended June 29, 1957

\$123,106,279.38
119,643,782.13
\$ 3,462,497.25

Fiscal Year
Ended June 30, 1956

\$98,189,345.76
95,345,642.59
\$ 2,843,703.17

ADD OTHER INCOME:

Cash discounts on purchases, interest income, etc..
Gain on sale of capital assets, etc.

810,891.63
100,350.55

682,193.90
83,357.66

Income before deducting depreciation, interest and
federal income taxes.

\$ 4,373,739.43

\$ 3,609,254.73

DEDUCT:

Depreciation of buildings, equipment, trucks and
automobiles (See Note 8)
Interest on unsecured loans, etc.
Total

\$ 1,039,180.99
203,122.17
\$ 1,242,303.16

\$ 841,383.92
127,733.04
\$ 969,116.96

Net income before deducting federal income taxes.
Less — Federal income taxes (estimated)

\$ 3,131,436.27
1,373,579.67

\$ 2,640,137.77
1,265,726.23

NET INCOME TO SURPLUS

\$ 1,757,856.60

\$ 1,374,411.54

Consolidated Surplus Statement

Fiscal Year Ended June 29, 1957

BALANCE , June 30, 1956	\$5,804,042.11
Add — Net income for the fiscal year ended June 29, 1957	1,757,856.60
Deduct:	\$7,561,898.71
Cash dividends paid quarterly	\$448,718.10
3 Per cent capital stock dividend paid December 5, 1956	493,695.00
BALANCE , June 29, 1957	\$6,619,485.61

Accountants' Certificate

We have made an examination of the books and accounts of Stop & Shop, Inc., including its wholly-owned affiliates, for the fiscal year ended June 29, 1957. In accordance with generally accepted auditing standards applicable in the circumstances, omitting no procedure inherent therein, this examination consisted of a detailed audit of such transactions that we believed to be important, that were effected during the fiscal year above stated, but did not include a detailed audit of all transactions. We have verified by outside confirmation such of the balance sheet items we deemed appropriate and necessary; and we are of the opinion, by reason of our familiarity with the controls and accounting records of the companies, and having applied necessary auditing procedures, that those items not verified in this way are correctly stated.

In our opinion, based upon such examination, the attached financial statements and their relative notes fairly present, in accordance with generally accepted principles of accounting applied on a basis consistent with previous years, the financial position of the companies at June 29, 1957 and earnings for the fiscal year ended with that date.

MYRON HELLER & COMPANY
Certified Public Accountants

Boston, Massachusetts
August 27, 1957

STOP & SHOP CODE

We resolve that in our day-to-day relations with people we shall:

- 1 Deal with each employee fairly and with respect for his human dignity.
- 2 Provide good wages and working conditions and social benefits consistent with current practice in our industry and company earnings.
- 3 Make every effort to insure security of employment.
- 4 Develop employees in accordance with their natural capacities and afford opportunities for advancement based on merit.
- 5 Provide safe and pleasant work environments.
- 6 Conduct fair and just relations with representatives chosen by employee groups.
- 7 Deal cheerfully with customers in providing good values in a wide choice of desirable merchandise.
- 8 Support the advancement of good citizenship and community progress in our areas.
- 9 Work for company growth and profit to insure a fair return to our shareholders.
- 10 Be fair in our dealings with sources of supply and others who serve our company.



STOP & SHOP
SUPER MARKETS

WE ARE PLEASED...

The Voice of America has selected our Stop & Shop store on Memorial Drive in Cambridge because it typifies America's most modern supermarkets. It has been photographed for an overseas film to be shown in the Near East. A Harvard University exchange student, Abdul Wahid Lulua, will be seen trading at Stop & Shop as part of the film which will highlight a typical day in a student's life in this country.